UNITED
NATIONS

TD

United Nations Conference
on Trade and Development

Distr.
LIMITED

TD/B/40(2)/SC.1/L.1/Add.1
27 April 1994

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Fortieth session, second part
Geneva, 18 April 1994

DRAFT REPORT OF SESSIONAL COMMITTEE I OF THE TRADE AND DEVELOPMENT BOARD ON THE SECOND PART OF ITS FORTIETH SESSION

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Agenda item 2: **TRADE POLICIES, STRUCTURAL ADJUSTMENT AND ECONOMIC REFORM: INCREASED PARTICIPATION IN INTERNATIONAL TRADE IN GOODS AND SERVICES BY DEVELOPING COUNTRIES AND ECONOMIES IN TRANSITION: SOME PROBLEMS AND OPPORTUNITIES**

Speakers:

Secretariat
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Bulgaria
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Note for Delegations

This draft report is a provisional text circulated for clearance by delegations.

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GE.94-51840

Chapter ..

TRADE POLICIES, STRUCTURAL ADJUSTMENT AND ECONOMIC REFORM: INCREASED PARTICIPATION IN INTERNATIONAL TRADE IN GOODS AND SERVICES BY DEVELOPING COUNTRIES AND ECONOMIES IN TRANSITION: SOME PROBLEMS AND OPPORTUNITIES

(Agenda item 2)

1. For its consideration of this item, the Board had before it the following documentation:

> "Trade policies, structural adjustment and economic reform: increased participation in international trade in goods and services by developing countries and economies in transition: some problems and opportunities", report by the secretariat (TD/B/40(2)/7); and
>
> "Statistical Annex" (TD/B/40(2)/7/Add.1).

2. The **Director of the International Trade Division** introduced the report prepared by the secretariat and also drew attention to the statistical annex contained in addendum 1 to the document. The main report sets out the issues and problems faced by developing countries in their efforts to participate in international trade. It likewise deals with the difficulties encountered by economies in transition in attaining full participation in international trade. The main themes addressed included: the process of integration into the international trading system and the international support required; trade among economies in transition; and, trade and investment cooperation between developing countries and economies in transition. In its analysis, the secretariat had also sought to take account of the diversity of situations in the various countries involved.

3. As regards enhancing the participation of developing countries in the international trading system, the report had attempted to place this discussion within the continuity of earlier discussions of the Board on this agenda item. The Board had also made important recommendations regarding the behaviour of large economic groupings with a view to enhancing their positive effects and averting any diversion of trade of developing countries. The Uruguay Round had brought about a substantial extension of the multilateral trading system, moving from concern for trade in goods to embrace a much wider perspective, extending beyond market access to trade in services, intellectual property rights and internal policy discipline. The Uruguay Round results, once implemented, would substantially strengthen multilateralism, international discipline, predictability and security and all countries would benefit, in particular the smaller and weaker countries participating

in international trading relations. Further improvement of market access for developing countries within the GSP was be important.

4. On the subject of the participation of economies in transition in the international trading system, it should be noted that the economic reform process in Eastern and Central Europe had taken various routes, advancing at different speeds in the individual countries. By focusing attention on trade and investment issues of major relevance for the transformation process, as well as for the foreign partners, account could also be taken of the new way of treating by substantive area the subjects related to economies in transition within UNCTAD (e.g. macroeconomic policies, privatization and technology). This session constituted the first time that trade issues involving economies in transition were being treated by the Trade and Development Board since the Conference at Cartagena, although the subject was not altogether new to UNCTAD. It therefore appeared consequent to discuss and assess the changes in trade and trade policies of economies in transition and the policy responses to these changes from major neighbouring and other developed partner countries. Several countries in this group had made substantial progress in their trade and investment policies. However, achievements in terms of effective trade expansion remained mixed, as had overall performance. While open and favourable trading conditions on major markets would be the best form of international support to underpin successful reforms, important limitations existed regarding the response from the international trading community, as well as regarding market access to major export products of these countries at bilateral, regional or multilateral levels. Hence normalizing the treatment of these countries in the multilateral trading system was an urgent task; this included addressing questions of anti-dumping, safeguards and access conditions. Investment in the productive sector needed to be intensified. Foreign direct investment was looked to as a major vehicle for spurring information transfer. This would occur through its potential to propel technological change, new management and organization principles, and the opening of new export markets and distribution channels. UNCTAD could assist economies in transition in all these areas. The combined effects of economic reforms and the collapse of old state structures were largely responsible for the drastic weakening of production and gross national product in several economies in transition, affecting especially intratrade. Meanwhile, only foreign trade and economic relations with Western European and other developed countries had been progressing rapidly, despite the importance of the other transition markets. There was an urgent need to assist the economies in transition in strengthening their policy instruments and the design and implementation of their mutual cooperation and integration arrangements.

5. In only a few instances had the developing countries been able to initiate new and dynamic exports to the countries in transition, notwithstanding the potential for substantial trade between these two groups of countries in the medium term. A revival of mutual trade and economic cooperation required progressive improvement of conditions for such cooperation. Relevant measures included, among others, application of liberal policies to mutual trade and investment; improvements of national policy instruments to facilitate payments, financing and risk guarantees; promotion of joint ventures and technological cooperation; agreements for investment cooperation and avoidance of double taxation; and the strengthening of cooperation between business organizations including emerging small enterprises. Economies in transition should aim at further improving their GSP schemes and liberalizing their foreign trade for exports from developing countries. International support and technical cooperation could help inspire new dynamism in trade and economic cooperation between economies in transition and developing countries. UNCTAD could play an active role in these endeavours through, inter alia, organizing governmental consultations on relevant issues of trade, investment and finance, mobilizing international support and providing technical cooperation in its areas of specialization. UNCTAD was ready to intensify its support of trade and economic cooperation between economies in transition and developing countries, particularly in view of the very important role assigned to UNCTAD by the Cartagena Commitment.

6. The representative of the **Commission of the European Community**, speaking on behalf of the **European Union**, noted that the UNCTAD secretariat's report had aimed at giving very comprehensive coverage to the existing problems, with the result that the depth of the analysis had suffered. The remedies proposed had not been clearly linked to the problems raised. This reflected a certain élan on the part of the UNCTAD secretariat with regard to the progress of the developing countries and the countries in transition in terms of their participation in international trade. While sharing the same concerns, the European Union nevertheless believed that patience was necessary. The concept of transition implied an evolutionary process, to be implemented step by step, so as to mitigate the risks of counter-shocks. The parts of the report dealing with the conclusion of the Uruguay Round and describing conditions of market access to the European Union had presented too gloomy a picture. In the framework of the European Union's import regime reform, most of the residual national quantitative restrictions predating the accession by certain countries to the Community had been abolished. The remaining restrictions applied only to textile products and to a very limited number of products originating from China. Moreover, new rules had simplified import procedures; this would benefit both the developing countries and the countries in transition. The need for

external support, including financial assistance, was undeniable. However, considerable resources had already been allocated. Referring to the recent export and import performance of some Central and Eastern European countries and Russia vis-à-vis the European Union, these results were all the more impressive as they had been achieved during a time of profound change in the structure of trade. While, as the report had emphasized, these traders would probably not find ready outlets in other regions, their exports to the European Union were certainly an exception to this rule. Indeed, their exports were going mainly to the developed countries. The European Union was currently absorbing half of the exports of Hungary, Poland, the Czech Republic and Slovakia. Moreover, the exports of these countries grew in 1993 in spite of the overall decrease in European Union imports. Quite understandably, this evolution had raised tensions in certain markets which also had to be addressed.

7. With regard to the renegotiation by certain countries in transition of their protocols of accession to the GATT, if the international trading system continued to allow within the Uruguay Round negotiations special conditions to apply to the state trading countries, this should not be a cause for concern in the countries in transition. To the extent that they were engaged in eliminating the planned economy system, the provisions concerning state trading countries did not apply to them. However, pending completion of this process, they should not yet be considered as normal trading partners with which to conduct trade relations on the basis of unconditional MFN treatment. Moreover, since the agreements on trade relations between the European Union and the Eastern and Central European countries in transition had been concluded only recently, immediate reopening of negotiations was excluded. The secretariat report had not put sufficient emphasis on the support given by the European Union to promote the development of the Central European Free Trade Arrangement. Referring to the secretariat's suggestion to expand the PHARE and TACIS programmes to cover the expansion of trade and investments between countries in transition and developing countries, it would be advisable to focus instead on how to maintain these programmes, as both groups of countries were already beneficiaries.

8. Speaking on behalf of the **Nordic countries** (Denmark, Finland, Norway, Sweden) the representative of **Finland** said that these countries had been encouraging increased participation in international trade by developing countries and economies in transition. It was important also to promote direct commercial links between the developing countries and the economies in transition. Through UNCTAD's Trade Point programme on procedures and trade efficiency and the International Trade Centre's assistance in finding potential markets, useful work had been done. It was

satisfying to see that a number of countries in transition had adopted or confirmed their GSP-schemes in favour of
developing countries. Likewise, the positive efforts to revitalize on the basis of market criteria some of the previous trade flows between the economies in transition were most welcome. Nevertheless, increased participation in international trade of these countries could hardly solve the special problems of the low income countries. The question of how to reverse the marginalization of the low income countries in international trade deserved priority attention. As for the Uruguay Round, the results would prove to hold value for the economies of the developing countries and lead to stability and predictability. The view expressed in the secretariat's paper, that the conclusion of the Round needed to be complemented by substantial improvements in generalized system of preference-schemes, had been, he felt, slightly overstated. Conversely, in the conclusions, less attention had been devoted to internal factors that influence economic reforms and structural adjustments both in the economies in transition and in developing countries although useful reference to the success stories of the East Asian countries had been made as well as to the reform process and successful reorientation in foreign trade of some of the economies in transition. In the formulation of policies in the low income countries, these factors could prove highly relevant if taken into account. As the reform process in the economies in transition was far from complete, the need for meaningful coordination and division of labour among the multilateral organizations and bilateral partners ought to be stressed.

9. Speaking on behalf of the **Asian Group**, the representative of **India** observed that the subject under discussion was highly topical as it was being raised on the heels of the conclusion of the Uruguay Round. The challenge before the international community was how the expected expansion of world trade could be equitably shared as this alone would lead to sustainable growth. A large number of developing countries were undergoing a process of wide-ranging economic reforms at tremendous cost, and it was hoped that these reforms would result in increased efficiency in the allocation of resources. Similar far-reaching structural changes were taking place in the countries in transition, as they moved towards greater economic integration into the world economy. Trade policy reforms in developing countries would require complementary international support, in the form of improved market access and increased flows of investment, technology and financing. While conclusion of the Uruguay Round negotiations would provide a more stable multilateral trading framework, trade barriers in items of interest to developing countries would remain high. The Uruguay Round therefore needed to be complemented by a substantial improvement in the Generalized System of Preferences. The process of economic

reforms and liberalization in the developing countries and the countries in transition had provided increased opportunities for all through expansion in world trade. It was in the common interest this process advance and be given the necessary support to ensure its success. Developing countries suffered from serious supply-side constraints as the result of inadequate investment funds, insufficient development of human resources and lack of technological capacity. International support to overcome these impediments would also be useful in mitigating (through safety nets) the adverse effects of trade policy reforms on labour. The restructuring and liberalization process hinged on the developing countries being able to earn sufficient foreign exchange to finance vital imports as well as to return borrowed funds. Market access for their exports was essential.

10. Developing countries counted on the conclusion of the Uruguay Round as leading to a rule-based, predictable, non-discriminatory multilateral trading system. Developed countries could further help by seeing how the benefits to developing countries could be complemented and enhanced by widening the product range and simplifying the GSP schemes. The tarification of agriculture and the integration of the multifibre arrangements within GATT had provided an opportunity for new products to be considered under the GSP schemes. Recent advances in the schemes for regional integration would provide further opportunities. However, care must be taken that integration did not divert either trade or investment. In this context, the conclusions put forward by Committee I at the first part of the fortieth session of the Trade and Development Board were relevant. In order to encourage participation of developing countries in international trade, it was important to make every effort to discourage the use of non-tariff measures and the use of anti-dumping and countervailing duties. It was noteworthy that the economies in transition had made tremendous efforts towards economic reform and liberalization at great social and economic cost. The disruption of their traditional trade linkages had adversely affected the exports of some developing countries which had earlier enjoyed close trade links with them. Additional resources provided to the countries in transition would enable them to complete their process of transition. UNCTAD's advisory role and technical services could benefit the developing countries and countries in transition through the identification of trade and investment opportunities including joint ventures. The help of the developed countries was sought in overcoming the problem of trade financing which at present was hampering the growth of trade between developed and developing countries. Additionally, untying of bilateral and regional credits in favour of procurement from developing countries could advance the integration of both into international trade.

11. The representative of **Chile** referred to the conclusions reached at the thirty-ninth session of the Trade and Development Board, whereby reforms in developing countries, building export-capabilities and strengthening international competitiveness had been set as long-term objectives. The same approach was valid for the economies in transition. The success of reforms depended on adequate international support, including cooperation in promoting foreign direct investment and technology transfer. Open markets were likewise indispensable for the success of reform measures; there was a need for commitment and concerted action by the international community to guard against protectionism. The use of anti-dumping and countervailing duty measures held inherent risks because even when no definitive duties were levied, the opening of enquiries and the imposition of provisional duties posed a serious hindrance to trade. This situation deserved special attention by the Board. Indeed, the issue merited treatment in a separate chapter in future reports by the secretariat.

12. Turning to the reforms in the economies in transition, he said that in spite of progress made by some of these countries, the observed reversal of the liberalization trend in the direction of tariff increases and application of non-tariff measures, as indicated in the secretariat's report, was a matter of concern. The economies in transition should be encouraged to persist in their efforts to make their products more internationally competitive. With regard to the prospects for increased trade with developing countries, maintaining a liberal and open system would lead to mutual benefits. In order to promote greater trade with developing countries, particularly the least developed, the economies in transition should improve or expand their GSP schemes and try to stabilize their preferential tariff regimes. The development finance resources flowing from industrial countries to the economies in transition should comprise additional flows and never detract from resources allocated to developing countries. In closing, he noted that the benefits of an open and transparent trade policy had been confirmed in his country: more liberal and non-discriminatory trade remained the best option and first priority.

13. The representative of **the Former Yugoslav Republic of Macedonia** praised the report on trade policies prepared by the UNCTAD secretariat for describing in an action-oriented manner the need for liberalization of trade, improved market access for all countries, liberalization of financial flows, increased foreign direct investment, membership of all States in the future World Trade Organization, strengthening of international cooperation, and sustained pursuit of the transition reforms. He said that there was no alternative to the process of economic transition which must continue until the countries of Eastern and Central Europe had been fully

integrated into the world economy. Speaking about the situation in his own country, which was both a European developing country in transition and a land-locked country, he expressed satisfaction with the peaceful way in which independence had been achieved. However, there had been two particularly negative external factors which had impacted on his country: the United Nations embargo against the Federal Republic of Yugoslavia and the embargo against his country imposed on 16 February 1994 by the Government of Greece. His country held that the latter had been imposed by the Greek Government with the aim of destabilization, thus threatening peace in the region. He thus appealed to the international community to intervene by calling for abolition of the Greek embargo. In this UNCTAD had a special role to play with regard to its efforts in favour of land-locked countries. On the subject of rights of access to the sea for land-locked countries, his delegation was considering to propose a draft decision by the Board. In closing, he underlined that his country would like to have with Greece the best possible relations, as good neighbours, based on mutual respect.

14. The representative of **Bulgaria** explained that the transition process in her country had encountered extreme difficulties. A dramatic fall in domestic industrial output had led to a drastic drop in living standards. Gross domestic product had fallen to around $US 750 to $US 950 during the last two years. This had coincided with an exceptionally unfortunate international environment. The Bulgarian economy had been severely damaged by international sanctions against Iraq, the Libyan Arab Jamahiriya and the former Yugoslavia. The war in the latter country had also created tremendous difficulties of access of Bulgarian goods to markets in Western and Central Europe. Foreign investments in Bulgaria were still insufficient. The debt problem remained a restrictive factor in financing restructuring and reforms. Integration of Bulgaria into international economic organizations had not yet yielded tangible results. Tariff and non-tariff barriers in some developed countries rendered access to new markets even more difficult than before.

15. Nevertheless, there had been important achievements. The establishment of a modern legislative framework for a market economy was the most important task for the Government and Parliament. A number of laws and regulations had been adopted. A comprehensive programme of economic reform had been launched in 1991, aimed at stabilization, liberalization of trade and gradual privatization of the economy. It was already having positive results. Inflation had declined and the private sector had begun to develop. In March 1994, Bulgaria for the first time since reforms began, had achieved an increase in industrial output. As a further way to mobilize the reform potential of the Bulgarian economy, the Government intended to continue active cooperation with international economic organizations of the United

Nations system, including UNCTAD. Bulgaria was widening its participation in international trade and financial institutions. It had become a member of the International Monetary Fund and the World Bank. It was a founding member of the European Bank for Reconstruction and Development (EBRD). Bulgaria was making substantial efforts to integrate itself into European and world economic structures by, inter alia, signing an agreement of association with the European Union and the Free Trade Agreement with EFTA States. In line with the necessity to comply with the GATT rules, Bulgaria had taken further steps towards unilaterally liberalizing its foreign trade regime. Although Bulgaria had not been a participant in the seven-year marathon negotiations of the Uruguay Round, it was carefully studying the outcome in the framework of the ongoing negotiations on accession to GATT-47 and to the future World Trade Organization. The documents prepared by the secretariat on the subject under discussion had proved very useful; further technical assistance from international sources, including from UNCTAD, would be highly welcomed.

16. The representative of the **Russian Federation** said that successful economic reform of his country would, to a large extent, depend on its integration into the world economy and the possibilities to expand participation in international trade. There were many hurdles. With regard to the current state of economic reform in Russia and its short-term prospects, in the period 1993-1994 the Government's efforts had been concentrated on the conduct of moderately stringent financial and monetary policies aimed at reducing inflation, stimulating investment, continuing privatization of state enterprises and further liberalization of external economic activities. These measures had led to sweeping economic changes, notably the expansion of the non-state sector. The inertia of the economic downturn had not yet been overcome. Gross domestic product and industrial output had decreased in 1993 by 12 and 16 per cent, respectively, over 1992. The high inflation rate together with the contraction in output had negatively affected investment and, in particular, had depressed self-investment for restructuring enterprises and other economic entities. This was why the Government had set as a priority for 1994: to combat inflation and to create conditions for stabilization of production, along with acceleration of institutional and structural changes. The objective was to reduce monthly rates of inflation to 7 per cent by the end of 1994.

17. The Government of Russia intended to initiate the implementation of those aspects of structural policies related to reorganization of inefficient enterprises or changes in specialization, liquidation or privatization, taking into account the social, economic and financial implications of such policies. In this context, the mechanism of investment auctions would be widely used. Another aspect of reform

policies was development of free competition and entrepreneurship without State interference in producers price formation (with only a few exceptions). Reforms at this stage were aimed at increasing the efficiency of the system of social security, especially as regards socially vulnerable population groups. The Government also intended to pursue further liberalization of foreign trade mechanisms, consisting of putting in place a market-oriented legal system for external economic activities, while taking into account principles and rules of GATT; the list of dutiable imports would be further curtailed; this would be accompanied by a substantial decrease of export duty rates in 1994 and their eventual total elimination. In addition, there would be: refinement of import tariffs, as the main instrument for regulation of import flows; less governmental participation in export-import operations; further contraction of administrative measures affecting exports; stimulation of foreign direct investment, involving completion of the establishment of a favourable legal environment.

18. The full-fledged membership of Russia in the GATT/WTO was also considered to be an important element in the reform of external economic relations. Non-participation in the multilateral trading system considerably limited Russia's exports of goods and services. Russia's accession to the GATT/WTO would make the multilateral system more universal and balanced, and would expand the possibilities for cooperation, including that the developing countries. In this context, UNCTAD's contribution to Russia's integration into the international trading system by implementing a UNDP/UNCTAD project in support of Russia's accession to the GATT was most welcome. As for the trade problems among the economies in transition, trade relations had departed from past practices of artificially stimulating mutual deliveries of uncompetitive goods. This process was almost completed. Russia's economic relations with countries in Central and Eastern Europe would soon reach a new qualitative level, based on internationally recognized rules and disciplines.

19. On trade with developing countries, in 1993, the share of developing countries had increased in both Russian imports and exports, as compared with 1992. Trade in volume terms was also gradually being restored. Although trade relations with developing countries were conducted on the basis of economic interests and mutual advantage, Russia had granted preferential trade treatment to these countries and exempted goods originating in the least developed countries from customs duties. More effective external support measures would have enhanced Russia's own efforts to restructure its economy. He noted with satisfaction that a number of developed country trade partners had provisionally included Russian in their GSP schemes and were providing technical assistance in order to support economic reforms. It was

not clear, however, why many of the same countries were maintaining trade policy instruments created under political and economic circumstances of a totally different historical period.

20. The representative of **Ethiopia** noted that the report by the UNCTAD secretariat, while reflecting the existing economic challenges to the developing countries and the economies in transition, did not meet the expectations regarding information on the least developed countries. While the analysis of trade within economies in transition had been adequate the trade situation within developing countries, particularly the least developed countries, including African countries, could have been more extensive. The latter countries, for example, were currently engaged in establishing their own economic bloc, the African Economic Community (AEC). The establishment of the AEC as a means to promote the participation of African countries in international trade merited closer attention. Since the collapse of the socialist economic system, not only the countries of Eastern Europe but also African countries had been undertaking economic reform. The Transitional Government of Ethiopia had launched a major economic programme to introduce a market economy. The private sector was being encouraged and access to social services had been improved, aimed at poverty alleviation. Progress had been made in establishing macroeconomic stability. Priority objectives for investment had been set. Accordingly, health care, education, rehabilitation and selective areas of infrastructure of paramount importance for economic recovery had been defined by the Government as priority areas. The Government had taken a number of steps to implement the newly adopted economic policy. Thus, the devaluation of the local currency, removal of constraints on domestic and foreign investors, legislation permitting the establishment of private banks and other financial services, and the shift of government expenditure from defence towards social and economic sectors were some of the measures taken.

21. Now that the developing countries, particularly those in Africa, were undertaking deep economic reform, UNCTAD in its reports could snow how the international community would eventually profit from increasing its financial and technical assistance, as losses in the countries' terms of trade constituted a multiple of the aid increment. As to foreign direct investment in Africa, it remained very low, although peace and stability prevailed, as was clearly the case in Ethiopia. UNCTAD should play a significant role in assisting the launching of multinational projects in such fields as transport, communications and effective promotion of greater foreign direct investment. UNCTAD could also strive to help establish linkages between African countries and countries in other regions. UNCTAD should use its expertise to support the least developed countries in their adjustment

efforts. UNCTAD should safeguard such mechanisms as the generalized system of preferences while resisting any steps which would erode it. It was important that for the international community at large support indigenous institutional formations such as the AEC, as these groupings were important in coping with the challenges of the future.

22. The representative of **Hungary** expressed overall satisfaction with the UNCTAD secretariat's report under this agenda item but noted that differences among individual countries had not been reflected in the conclusions reached and the possible areas for international cooperation proposed. He then outlined the present stage of transformation in his country. The establishment of a legal and institutional framework for a market economy - including a transparent trade regime - had been basically completed. For smooth operation, some further improvements in these market instruments might follow. Hungary had been a contracting party to the GATT since 1973 and its accession had been based on tariff concessions. The Final Act of the Uruguay Round would further enhance market access possibilities for Hungarian exports as well as for imports from its trading partners. Hungary had concluded the so-called Europe Agreement with the European Union and free trade agreements with the EFTA States and a number of countries in the region. Notwithstanding these advances, several external factors, like the loss of some of Hungary's traditional markets, the worldwide economic recession, and the economic consequences of the United Nations embargo measures had exacerbated the difficulties of the transformation process. Market access possibilities of Hungarian exports could be improved. In 1993, Hungary's trade balance had deteriorated. Imports had increased dynamically but export performance was well behind that of previous years. Trade with developing countries and the countries of Eastern and Central Europe in transition had been less affected by these changes. The Hungarian Government continued to apply the Generalized System of Preferences (GSP) for imports from developing countries which covered almost all imports from the beneficiary countries. Imports from the least developed countries entered Hungary duty free. Further export prospects for developing countries existed in Hungary, since these countries had not yet fully utilized all the new possibilities arising from the transformation, such as the liberalization of the foreign trade regime, development of the new financial framework, elimination of formal State monopolies and expansion in the number of enterprises engaged in foreign trade. In order to ease the difficulties arising from problems of trade finance, Hungary had reinforced the operation of the Export Guarantee Institute; an export credit bank was also being established. Foreign direct investment was playing an important role in the transformation process. The value of foreign direct investment in 1993 had reached $US 2.3 billion, surpassing

the 1992 figure of $US 1.5 billion. This flow should by no means be considered as depleting resources available to developing countries. Any attempt to revive old forms and structures of trade among countries in transition would be quite misplaced. Trade policies, priorities, utilization of foreign aid and technical assistance were subject to the autonomous decision of each Government. The best possible way to integrate developing countries and countries in transition irto the world economy and expand trade among them would be to encourage the development of competitive economies, the reduction of trade barriers, and improved market access.

23. The representative of the **Czech Republic** said that the report prepared by the UNCTAD secretariat offered a good basis for discussion. As the general conclusion had stated, the transition process in the various countries of Central and Eastern Europe had begun at different times and from different starting points with regard to production and foreign trade structures. It was likewise proceeding according to different strategies and hence its progress varied among the countries involved. The Czech Republic was quite often referred to as one of the countries which had achieved encouraging results in the transformation process. These results included progress in macroeconomic stability accompanied by the curbing of the inflation rate, a balanced State budget, a surplus in the current account balance and a low rate of unemployment. The decline of gross domestic product had ceased and the revival of economic growth was anticipated. The restructuring process was still strongly supported by the population. Liberalization of foreign trade had been a cornerstone of economic reform in the Czech Republic. The country had adopted the legislation and foreign trade regime of its predecessor and continued the policy of opening up its economy to world trade and creating conditions for deeper integration into the multilateral trading system. As a result of reforms, the foreign trade regime of the Czech Republic had become one of the most predictable in the world. The weighted average of customs duties amounted to only 5.7 per cent. In industrial products, the average tariff incidence was even lower. The application of non-tariff measures was extremely limited. The Czech Republic had also maintained a general system of preferences which provided for preferential treatment to imports originating in developing countries. The opening of the Czech economy and the liberalization of trade would be further consolidated by the results of the Uruguay Round. At the same time, the Czech Republic expected that the multilateral trading system and the developed countries would be more responsive to the country's efforts to implement sound domestic economic and financial policy and to better use comparative advantages.

24. The transformation process of the Czech economy and of other countries of Central and Eastern Europe offered increased market opportunities for trade partners, including developing ones, notwithstanding some short-term problems in trade with the latter. The Czech Republic's access to eastern and developing economies' markets was deemed a comparative advantage. The shift from a limited number of large monopolistic foreign trade organizations to thousands of small and medium-size autonomous enterprises had enlarged the opportunities for foreign trade and economic cooperation. The Czech Republic attached importance to mutually beneficial trade and economic cooperation with a growing number of countries in Asia, Africa, the Middle East, Latin America and the Caribbean. The developing countries should be encouraged to take more initiatives in this regard. New trade agreements had been negotiated and signed with India, the Islamic Republic of Iran, China and Egypt while others were currently under preparation. Attention would be given, inter alia, to the revival of cooperation in the delivery of complete production units.

25. The representative of **Australia** stated that the conclusion of the Uruguay Round would assist all countries to grow and develop. While some developing countries had strengthened their democratic institutions and made economic progress, others had experienced social and economic crises. The difficulties of restructuring economies in transition had led to an increase of their trade with developed countries but not less so with developing countries. Owing to comprehensiveness and balance, the outcome of the Uruguay Round would be positive for all countries. Concerning the existing opportunity for expanded trade between economies in transition and developing countries in the medium term as the secretariat's report had suggested, if these opportunities were to be seized, a framework of national policies and cooperative measures needed to be established. UNCTAD could play an important role in facilitating this process by providing a forum for intergovernmental consultations and by offering timely analysis. She suggested that it be borne in mind when undertaking such analyses that, while some countries might feel that they had benefited less from the Round than others, all countries in the long run would benefit from a more stable and more liberal international trading regime for global economic growth. Australia had demonstrated its continuing commitment to encouraging the process of structural adjustment and economic reform in developing countries and in the economies in transition, as well as in the developed countries. In addition to the multilateral assistance, an Australian programme of training for Eurasia had been launched to deliver technical assistance to the economies in transition in Central and Eastern Europe, the Baltic region, Russia and the other newly independent States. The programme included a training course in Australia for middle-level managers and funds for trainees to conduct courses in recipient countries or

Australia. This included small business training for women, farm management, seminars on the GATT, management of an employment service, mining industry economics and stock market management. Australia was also playing an important role in assisting developing countries to adjust to the new international trading environment as well as through its support for trade liberalization.

26. The representative of **Egypt** voiced appreciation for the UNCTAD secretariat's report but noted that it tended to concentrate on countries in transition, and that most of the recommendations for technical cooperation had been directed towards these countries. The recommendations should not be to the detriment of the interests of developing countries vis-à-vis technical cooperation in UNCTAD and additional financial resources should be found for their implementation. While recognizing the importance of enhancing trade relations between developing countries and countries in transition these recommendations should be further amplified, with the possibility of organizing workshops in the fields of trade, finance, technical cooperation and investment.

27. It was also important to identify areas of comparative advantage for developing countries in terms of exports to developed economies. It would be useful if trade niches between developing countries and countries in transition could likewise be identified. Moreover, the expansion of regional trading arrangements among countries in transition and developed economies should not have a trade diverting effect on the exports of developing economies. Any trade diverting effect should be evaluated, with the findings presented to the next session of the Trade and Development Board. As anti-dumping duties and countervailing duties had increased three-fold in developed economies since 1990 and more than half of the relevant cases had been initiated against developing countries, it would be useful for the UNCTAD secretariat to undertake a thorough analysis of these trends. It would also be useful if sectoral structural adjustments in some sectors in developing economies could be closely examined, especially those subject to non-tariff measures. As a result of tariff reductions in the Uruguay Round, a weakening of GSP schemes of developed economies would follow. Therefore, Egypt supported the idea that the Special Committee on Preferences should take rapid action to improve the GSP schemes in favour of developing countries' exports. It might also prove necessary to alter the schemes applied by countries in transition in light of the results of the Uruguay Round, new accessions to the future World Trade Organization and regional trading arrangements between countries in transition and developed economies. Egypt was looking forward to the success of the transformation process under way in countries in transition and anticipated exploring further avenues of economic cooperation

between developing countries and countries in transition in view of the huge trading potential of countries in transition. The trade of developing countries would be enhanced by a strong linkage between macroeconomic, sectoral and trade policies. Further diversification of exports was crucial to developing countries that relied on a few commodities for their export trade; however, this diversification had to be accompanied by improved access to the markets of developed economies.

28. The representative of **Japan** paid tribute to the many developing countries which had undertaken determined and painstaking efforts towards structural adjustment. Japan recognized such adjustment efforts of developing countries as a global challenge. Accordingly, it was playing a leading role in supporting structural adjustment in developing countries through the International Monetary Fund and the World Bank, which were central to the international support in this respect. In addition, Japan was supporting developing countries' adjustment efforts through several bilateral economic cooperation schemes. The Government of Japan had decided to extend a third round of such assistance (worth some US$ 650 to US$ 700 million) in the fiscal years 1993 to 1995. Expanded markets for exports of developing countries held great importance for trade liberalization and economic reform of such countries. In this context, improved access to the Japanese market of developing countries' products was being encouraged in a series of market-opening initiatives undertaken recently by Japan. As a result, Japanese imports from developing countries had increased steadily from 1986 to 1993, reaching US$ 120 billion. The comprehensive package of economic measures decided in February 1994 was expected to consolidate this trend further. As far as the GSP scheme was concerned, the Government of Japan would welcome initiatives addressing the reduced GSP margin of the post-Uruguay Round and indeed Japan had already taken steps in this direction in announcing reduced or new GSP rates for 12 tropical products. The integration of the economies in transition into the world economy was also a challenge of a global nature. The difficulties which these economies faced were daunting and their efforts to overcome them highly commendable. The situation in the economies in transition was, in a way, a reflection of today's world where economic interdependence had deepened on the one hand while political uncertainty had increased on the other hand. Japan had been making active contributions to international cooperation in support of the economies in transition within both bilateral and multilateral frameworks. He emphasized, however, that support for the economies in transition should not affect the high priority given to development cooperation with developing countries. Fuller integration in the multilateral trading system was the best way to promote the trade of developing countries and economies in transition. Japan would continue to do its utmost to maintain and

strengthen the multilateral trading system. The conclusion of the Uruguay Round was indeed the single most important factor which would contribute to the strengthening of the open multilateral trading system. It was extremely important to make sustained efforts to implement the agreements negotiated within the Round. The implications of regional integration arrangements involving major trading nations to the trade of developing countries and economies in transition could not be neglected. High priority should be given to the issue of regional integration in the overall work programme of UNCTAD after the Mid-term Review.

29. The representative of **Belarus** said that the discussions on agenda item 2 confirmed the importance of a multilateral approach to global trade and economic issues and of the machinery of the United Nations system, including UNCTAD. His delegation agreed with the main conclusions of the secretariat's report; the world economy was increasingly integrated, and countries which did not participate in it sufficiently could lose the advantages inherent in the international division of labour. At the present stage of its reform process, Belarus was seeking to achieve stable economic growth, promote privatization and the private sector, and provide a social safety net for the transition period. The new Constitution, adopted on 15 March 1994, would help accomplish these tasks, and it provided guaranteed equality of treatment for all forms of property. The policy of the Government of Belarus was to accelerate market reforms through macroeconomic stability and structural adjustment. The latter was directed at economic recovery on the basis of more effective use of resources through parallel promotion of competition and private sector development. In 1994, the Government of Belarus would be seeking to: accelerate the privatization of small enterprises, with up to 50 per cent of trade and service enterprises to be privatized and at least 50 large state enterprises to be transformed into joint-stock companies; pursue an active anti-monopoly policy; and provide state support for entrepreneurship, the intention being that the private sector would develop rapidly enough to compensate for the inevitable contraction of the state sector; increase economic efficiency; and ensure maximum employment. The Government of Belarus was convinced that the process of creating and strengthening market mechanisms and political democratization should be carried out in close cooperation with the international community and its multilateral institutions such as UNCTAD, IMF, the World Bank and GATT. Belarus attached great importance to the strengthening of cooperation with such institutions. Finally, he stressed that his Government welcomed the results of the Uruguay Round. Belarus had activated its collaboration with GATT and aimed at acceding to it as a full member.

30. The representative of **Slovakia** stated that economic developments in his country had been affected by the separation of Czechoslovakia, the change in the domestic currency, a vast tax reform and the strong world recession. The creation of an independent monetary system had necessitated a new monetary policy. Foreign exchange reserves had been unstable; the currency devaluation carried out had not as yet sufficiently improved the balance of payments nor supported more dynamic expansion of exports. In 1993, exports had fallen more significantly than imports. The Government of Slovakia had introduced the "Concept of Foreign Trade of the Slovak Republic" of which the export promotion programme was one of the major components. Greater attention would be paid to strategies to overcome both internal and external barriers to international trade. The following internal trade barriers were cited: (a) insufficient existing infrastructure for export promotion; (b) need to improve export financing facilities within the banking system; (c) need for more efficient links with foreign capital and financial markets; (d) lack of credit on competitive terms; (e) need to improve and extend export credit insurance facilities; (f) insufficient foreign direct investment; and (g) need to improve advisory services in support of the export sector. Furthermore, an export promotion centre would be established by the Government. Greater attention would also be paid to a better use of foreign aid for training foreign trade experts. Moreover, foreign trade transactions would be made more efficient in the context of the EDIFACT project. Customs procedures would be simplified. Finally, a network of foreign trade representatives would be established abroad. Being a small country, Slovakia had a great need for an open national economy, and considered international trade to be one of the best ways to accomplish the process of transformation to a market economy.

31. The representative of **Poland** emphasized that the information provided in the secretariat document had accurately confirmed the signs of Poland's recovery since early 1992. According to a recent IMF assessment, Poland's growth in 1993 was the second fastest in Europe, with a repeat performance expected in 1994. GDP had increased by 1.5 per cent in 1992 and 4.6 per cent in 1993; industrial output, at constant prices, went up by 3.9 per cent in 1992 and 6.2 per cent in 1993. In the first quarter of 1994, industrial output grew at a rate of 10 per cent. This positive performance had stimulated foreign partners to invest in Poland, including participation in privatization. This simply confirmed that good economic prospects were decisive for attracting foreign capital. Poland's recent economic performance confirmed the successful strategy based on a radical liberalization of trade conditions which the country had embarked upon in 1990.

32. Polish authorities were fully determined to integrate the country further into the world economy. Poland had committed itself to important tariff reductions under

the Uruguay Round negotiations. The average tariff cut would be 37 per cent for food and agricultural products. The trade-weighted reduction on industrial tariffs was estimated at 38 per cent, with the average level of tariff protection decreasing from the present 16 per cent to less than 10 per cent after the implementation of the Uruguay Round commitments. Poland was convinced that developing countries would also benefit from these tariff reductions. Poland was a participant in regional European integration efforts. In February 1994, the Association Agreement between Poland and the European Communities officially entered into force after the ratification process had been completed by all signatories. In November 1993, the Free Trade Agreement between the European Free Trade Association (EFTA) States and Poland became effective. In December 1992, Poland, along with the Czech Republic, Hungary and Slovakia signed the Central European Free Trade Agreement (CEFTA), in effect since March 1993. These agreements were all aimed at deeper integration of the Polish economy into international trade. Regional integration could stimulate a harmonious global liberalization from which all countries would benefit. There had been also some negative aspects of Polish economic development. One was the growing trade deficit. At the end of the third quarter of 1993, the trade deficit had reached $US 3.5 billion. A deficit was recorded in trade with all groupings of partners. With developing countries, the deficit was above $US 0.5 billion. This proved that Poland's trade partners gained more from trade liberalization than did Poland. Hence, Poland was appealing to the developed countries for better market access conditions. Technical and financial assistance alone was not enough. UNCTAD could and should play an important role in enhancing better trade and investment collaboration between developing countries and countries in transition. A good example of such collaboration would be the Workshop-Business Week on trade and economic cooperation between the countries of Eastern and Central Europe and Egypt, scheduled to take place in Egypt in October/November 1994. Such undertakings, with the participation of UNCTAD experts, could promote more successful collaboration between developing countries and countries in transition.

33. The representative of **Austria** expressed his conviction that countries in transition and least developed countries not only needed financial support but even more so needed technical assistance and, above all, substantial aid for structural adjustment. He welcomed the introduction of market elements into the economies of a number of countries in Eastern and Central Europe which, inter alia, had resulted in an impressive growth of Austrian imports from the region. The newly independent States of Central and Eastern Europe, Bosnia-Herzegovina and the Former Yugoslav Republic of Macedonia had been included into the Austrian GSP scheme. However, UNCTAD had originally been created to serve the needs of developing countries and

so he supported the statement of the representative of Ethiopia who had criticized the balance reflected in the report of the secretariat regarding least developed countries and economies in transition. Austria was open-minded with respect to the requirements of developing countries and thus had neither quotas, ceilings nor other quantitative import restrictions in its GSP scheme. Neither did it exclude textile or clothing products from GSP tariff treatment. In consideration of the specific problems of the least developed countries, Austria took a second step in 1982, by granting duty-free treatment for industrial items and a 50 per cent tariff cut for textiles and clothing to Group II countries. The total value of actual preferential imports in Austria in 1992 had reached almost six and a half billion dollars, of which Asia took a share of 46.49 per cent. Unfortunately, the least developed countries were generally not utilizing the possibilities offered. Of 47 least developed countries, in 1992 only 19 had seized the opportunity to export to Austria under the GSP scheme. In this connection, the situation of the Asian and the African least developed countries showed that the Generalized System of Preferences could not stimulate their exports unless accompanied by internal measures and a stable political system. In recognition of this situation, Austria had begun to offer some additional programmes for least developed countries. It was of course up to each country itself to benefit from these programmes and, above all, to create the necessary preconditions for steady, sustained economic development.

34. The representative of **China** noted that since the 1980s many developing countries had carried out structural adjustments and economic reforms at tremendous cost. However, with the exception of certain countries in East and South-East Asia, the economic growth in most other developing countries had remained disappointing. Many continued to experience various impediments to their integration into the international trading system. Given the economic strength of developed countries, their high domestic consumption and huge market capacity, the opening up of their domestic markets to developing countries held particular significance for the enhanced participation of developing countries in international trade. However, many developed countries still pursued discriminatory trade policies against developing countries. He called upon the developed countries, in particular the major trading nations, to rescind unilateral and discriminatory trade policies against developing countries, and not to set up new obstacles to their exports.

35. *Although the Uruguay Round* of trade negotiations had come to an end, the interests of the developing countries had not been fully taken into account or reflected in the agreements of the Final Act. This situation could perhaps be corrected in the implementation of the agreements. Some products where the

developing countries enjoyed a comparative advantage - such as textiles, clothing and farm produce - were still subject to quantity restrictions and restrained by high tariffs. Under these circumstances, the Generalized System of Preferences (GSP) was of great significance to the exports of the developing countries. Hence the need for the developed countries to continue the provision of GSP to the developing countries, and to simplify procedures, increase the number of countries providing preferences, expand product coverage and optimize preference-giving schemes. The new World Trade Organization would hopefully attract the participation of more countries for greater universality and representativity. As a full participant in the Uruguay Round, China had been a major contributor and made substantial concessions in order to become a member of the World Trade Organization. As the biggest developing country in the world, China continued to adhere to the policy of economic reform and opening to the outside world, and had made great progress. In an effort to maintain stable, healthy development, the Chinese Government in 1994 had promulgated major reform measures in areas of foreign exchange, finance and banking. These measures would provide an even better environment for countries to expand their trade with China and invest therein.

36. The representative of **Viet Nam** stated that countries engaged in the process of profound economic reforms sought economic development that combined growth and social gains. Although the trend towards a market economy was widely accepted, it could not be considered a panacea. Moreover, the establishment of a fair international trading system, though universally desired, could not by itself induce the leading economic actors to renounce recourse to unilateral measures which preserve their dominant position to the detriment of developing countries. Hence, increased participation of developing countries in international trade implied strengthened international cooperation which would keep countries from imposing their own views and solutions on others. Trade involved competitiveness, comparative advantages and preferential treatment of developing countries. These were assets which must be preserved for the benefit of world trade. The initial results of the economic reform in which his country was engaged were particularly important with regard to growth rate, inflation, trade balance and food supply. Many lessons could be drawn from that initial success. Political and economic stability were intrinsically linked and indeed were indispensable for carrying out long-term economic activities. These were also sine qua non conditions for attracting foreign investment. With regard to some specific difficulties since the adoption of economic reforms, the major problem was to set the foundations, build and improve the physical, institutional and legal infrastructure and hence have the capabilities of managing the economy with the country's own human resources trained

to this effect. Another matter of concern was management of the financial resources which his country was attracting. UNCTAD's technical assistance during the coming months and years could make a vital difference. Trade policy, structural adjustment and economic reform were components of a process that was closely linked to international cooperation, particularly regional, and to the revitalization of trade and economic links with traditional partners in Eastern Europe.

37. The representative of **Romania** stated that while the participation of developing countries and countries in transition in international trade depended mainly on their own efforts, the external environment and the international community's assistance also played a critical role for the success of this endeavour. Romania's decreased share in world trade in recent years was attributable to a number of factors, including objective difficulties generated by the overall process of transition to a market economy. At the same time, international trade flows had also been to a considerable extent influenced by changes in the international political and economic climate. Romania was making great efforts to increase its participation in international trade and to ensure its enhanced participation in the world economy and the multilateral trading system. The measures undertaken to this end had already resulted in encouraging signs of economic progress. However, in order to ensure increased participation in world trade, Romania was seeking cooperation with its trading partners, initially through enhanced access of Romanian products to foreign markets. The increase of financial and technical assistance, as well as the facilitation of foreign investment in Romania were also important means of attaining that objective. There was a need for intensifying UNCTAD activities aimed at increasing the participation of developing countries and countries in transition in the international trade of goods and services, taking into account the work in this area of other international organizations, including the future World Trade Organization.

38. The representative of **Mexico** observed that world economic activity had moved into a recovery phase but that economic prospects, although encouraging for some countries, were still far from promising for all. The problems of the world economy in recent years had had adverse effects for developing countries where demand for exports was restrained. The deficient economic growth of most developed countries had provoked an increase of unemployment; this had given rise, in turn, to pressures for the erection of trade barriers to defend employment levels. A number of developing countries had become strong proponents of trade liberalization

and had contributed to the world economic growth through the application of structural adjustment programmes. It was, nevertheless, necessary to point out that the economic situation of low income countries remained difficult. To overcome these problems, the countries concerned needed, in addition to their own efforts to deepen their structural adjustment policies, the committed support of the international community as shown through a profound liberalization of world trade and better access to the developed country markets. In carrying out the measures recommended in the UNCTAD secretariat's report, the specific requirements and needs of each country should be taken into consideration. Special emphasis should be placed on measures favouring reso rce and technology transfers and the improvement of the generalized system of preferences. Economic growth of developing countries and of countries in transition along with an improvement of living standards of their peoples was indispensable, as it would help propel the incipient world economic recovery.

39. The representative of the **United States of America** stated that the initiatives of developing countries and economies in transition to implement GATT-consistent economic reforms should be encouraged in order to facilitate their early, closer integration into the multilateral trading system. This included full adoption of the fundamental GATT principles of national treatment, unconditional MFN and transparency. As a result of the improvements brought about by the successful conclusion of the Uruguay Round, developing countries would enjoy increased trade. This in turn would increase real income and fuel economic development. The United States did not share the view that developing countries would gain less than developed ones: increased global trade would stimulate foreign direct investment and provide opportunities for developing countries to expand their markets in agricultural and industrial goods and services. The Uruguay Round results promised opportunities for all in a global market with a great potential for growth. Staunch support for the multilateral trading system, and all that could be accomplished multilaterally, did not detract from regional agreements which could in fact form building blocks for increased world trade. Regional arrangements could help smaller economies establish regional markets which could eventually expand into global markets, thus providing unique and additional development opportunities for developing countries. Trade policy reforms in the countries of Central and Eastern Europe and the newly independent States required international support, including liberalized market access. There was no justification for the UNCTAD secretariat's conclusion that the United States market was closed to goods from these countries, since barriers to almost all exports from most of these countries had been removed and MFN treatment granted in the same

manner. Moreover, the United States had extended GSP to most of these countries, and it had already concluded, or was in the process of concluding, investment treaties with many of them. They would also benefit from the overall trade liberalization resulting from the implementation of the Uruguay Round agreements. Inclusion of the economies in transition in the world trading system was very important and the United States was working both bilaterally and multilaterally to assist these countries in their endeavours to reach this goal.

40. The representative of the secretariat of the **Commonwealth of Independent States** (CIS) said that he was pleased to have been granted observer status. He then provided information about the structure of the CIS and its executive bodies and described the economic situation in the member States. At the highest level were the Council of Heads of States, which holds two sessions annually, and the Council of Prime Ministers, which meets four times a year. The secretariat of the CIS was one of the major executive bodies and was responsible for both the support work and the execution of the decisions taken by the policy organs. On 24 September 1993, the Heads of States signed a treaty creating an economic union based on equality of rights and mutual respect of the sovereignty and territorial integrity of the member States. As a permanent organization of the common economic space, the Economic Union would pursue free movement of goods, services, capital and labour, as well as coordinated monetary, credit, price, customs and exchange policy. The member States guaranteed the free movement of their citizens within the territory of the Economic Union. The Treaty was subject to ratification and was open for adherence. The permanent representative of Armenia to the CIS then took the floor to describe the economic integration of the member States. Some 40 institutions of the CIS had been created with the aim, inter alia, of integration. These comprised, among others, the Inter-States European Association for coal and steel, the Intergovernmental Council on anti-dumping policies, the Economic Court, et al. Economic integration within the CIS was regarded as a vehicle serving not only the interests of member States but also the whole international community.

41. Exercising his right of reply, the representative of **Greece** recalled that the Former Yugoslav Republic of Macedonia had been admitted to the United Nations precisely under this name, after negotiations at the highest level which had resulted in Security Council Resolution 817/93. Thus it should use this name and not another. He then referred to the passage in the statement of the Former Yugoslav Republic of Macedonia that mentions Greece and said that the well-known differences between Greece and the Former Yugoslav Republic of Macedonia were not of an economic or commercial nature but purely political. Hence, the measures that

Greece had been forced to take as of 16 February 1994 had a predominantly political character. For this reason, the present forum was not the right place to raise such issues. There were other United Nations forums better apt to deal with political questions. Efforts were currently being undertaken at the highest political level to find a negotiated solution to this problem. In closing, he reserved the right to return to this issue at a later stage during the session of the Trade and Development Board, if a more detailed reply were deemed necessary.

42. Exercising his right to reply, the representative of **the Former Yugoslav Republic of Macedonia** stressed that recently, in another forum, the representative of Greece had made a similar statement, incorrectly interpreting the United Nations Security Council resolution and justifying the embargo against his country. On that occasion, his delegation had explained that the language inscribed on the name plate in front of the delegation was not the name of the country, but rather a reference to it. The name of the country was the Republic of Macedonia. In accordance with the Security Council resolution mentioned, the country was fully enabled to use the constitutional name: the Republic of Macedonia. This was the nomenclature which the Government intended to use at all times. While no one could be obliged to use the reference, it was well known that the country had established diplomatic relations with a large number of countries represented in the present forum using its constitutional name. However, the main problem at present was the denial by Greece of the country's right, as a land-locked country, of access to the sea. This right of access to the sea was not only a principle but had a concrete nature with broad implications and could set a very negative precedent in the search for international solutions.

43. The representative of **Greece**, exercising for the second time his right of reply stated that Security Council resolution 817/93 was easily obtainable by delegations and so there was consequently no reason to repeat its contents. As far as the question of access to the sea by land-locked countries was concerned or the measures that Greece had taken since February 1994, these were of a political nature, as already stated previously, and should not be discussed in the present forum.